



U.S. Department of Housing and Urban Development
National Servicing and Loss Mitigation Center
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<http://www.hud.gov/local/okl/slm/mitihome.html>

April 10, 2000

TO: Lenders servicing FHA mortgages within the city of Baltimore, Maryland

SUBJECT: **Moratorium on foreclosures on FHA mortgages in Baltimore, Maryland**

This letter clarifies and further defines instructions provided on April 6, 2000. As a part of the Secretary's effort to review predatory lending practices as they relate to loan originations, effective April 6, 2000, the Department of Housing and Urban Development placed a temporary moratorium on foreclosures. This moratorium is similar to moratoriums declared due to Federal National Disasters (See HUD Handbook 4330.1 Rev-5, chapter 14), and affects properties insured by FHA that are located in the following zip codes, which are primarily within the city limits of Baltimore, Maryland:

21201 through 21239

- This moratorium applies to both the initiation of foreclosure and suspension of foreclosure for cases already in process.
- This moratorium does not affect routine inspections, preservation, and protection, as required by 24 CFR 203.377.
- This moratorium does not apply to properties in the affected zip codes that your records indicate are vacant or abandoned as of April 6, 2000, or properties found to be vacant or abandoned through subsequent inspections.
- If the foreclosure sale has already occurred do not suspend the ratification or eviction process. This moratorium notification will be in effect for ninety (90) days from April 6, 2000. It will expire on the close of business day July 5, 2000.

In those cases where the moratorium causes the initiation of foreclosure to occur past the normal deadline of six months after the date of default, the Department will grant an extension of up to ninety (90) days for the mortgagee to initiate foreclosure. This letter is your confirmation for a 90 day extension for those properties affected by this moratorium. Please maintain a copy of this letter in the individual claim review files to confirm the approved extension.

Please mail or fax, to my attention, a list of all mortgages your company services affected by this moratorium. This list should include borrower name, address, account number and FHA case number. If you have recently sold or transferred servicing rights of any mortgages affected by this moratorium, please provide us a list of these mortgages, including the new lender's contact information, as well as providing the new lender a copy of this letter.

During this moratorium, loan servicers should review each of the affected accounts to ensure that the mortgagors were made aware of the loss mitigation options and that the loss mitigation evaluation required by 24 CFR 203.605 has been completed.

The loss mitigation initiatives to be considered include special forbearance, mortgage modifications, refinancing, and partial claims. Other alternatives such as deeds-in-lieu and pre-foreclosure sales should be encouraged if the homeowner is not in a position to cure the mortgage delinquency. This letter also authorizes an extension of 60 days to the maximum pre-foreclosure sales period for cases affected by this moratorium to allow sufficient time to market the property.

If you have questions or need guidance call the Servicing and Loss Mitigation Center in Oklahoma City at (888) 297-8685.

Sincerely,

Michael B. O'Donnell
Director, Servicing and
Loss Mitigation Center